

Bank of Russia's medium-term forecast

following the Bank of Russia Board of Directors' key rate meeting on 15 September 2023



Bank of Russia

Key forecast parameters of the Bank of Russia's baseline scenario

(growth as % of previous year, if not indicated otherwise)

| | 2022 (actual) | 2023 | 2024 | 2025 | 2026 |
|--|------------------|----------------------|---------------|---------------|---------|
| Inflation, as % in December year-on-year | 11.9 | 6.0-7.0 | 4.0 | 4.0 | 4.0 |
| Inflation, average for the year, as % year-on-year | 13.8 | 5.5-5.9 | 5.0-5.6 | 4.0 | 4.0 |
| Key rate, <u>average</u> for the year, % per annum | 10.6 | 9.6-9.7 ¹ | 11.5-12.5 | 7.0-8.0 | 5.5-6.5 |
| Gross domestic product | -2.1 | 1.5-2.5 | 0.5-1.5 | 1.0-2.0 | 1.5-2.5 |
| – % change, Q4 – Q4 previous year | -2.7 | 0.5-2.0 | 0.5-2.0 | 1.0-2.0 | 1.5-2.5 |
| Final consumption expenditure | -0.3 | 7.5-9.5 | 0.0-1.0 | 0.5-1.5 | 1.5-2.5 |
| – households | -1.4 | 6.5-8.5 | (-1.5)-(-0.5) | 0.5-1.5 | 1.5-2.5 |
| Gross capital formation | -4.9 | 3.5-6.5 | (-2.5)-(-0.5) | 0.0-2.0 | 1.0-3.0 |
| – gross fixed capital formation | 3.3 | 2.0-5.0 | 0.0-2.0 | 0.0-2.0 | 1.0-3.0 |
| Exports | -13.9 | (-10.0)-(-7.0) | 0.0-2.0 | 1.5-3.5 | 1.0-3.0 |
| Imports | -15.0 | 12.5-15.5 | (-7.0)-(-5.0) | (-1.5)-(+0.5) | 1.0-3.0 |
| Money supply in national definition | 24.4 | 18-22 | 8-13 | 6-11 | 6-11 |
| Claims on organisations and households in rubles and foreign currency ² | 12.0 | 14-18 | 7-12 | 8-13 | 8-13 |
| – on organisations | 13.2 | 14-18 | 7-12 | 8-13 | 8-13 |
| – on households, including mortgage loans | 9.4 | 15-19 | 7-12 | 8-13 | 8-13 |
| | 17.7 | 17-21 | 9-14 | 10-15 | 10-15 |

¹ Given that from January 1st to September 17th 2023 the average key rate is 8.2%, from September 18th to the end of 2023 the average key rate forecast range is 13.0-13.6%. Additional information on how to interpret the proposed format of the key rate forecast communication is presented in the methodological note [http://cbr.ru/Content/Document/File/120337/comment_20210422_e.pdf].

² Banking system claims on organisations and households means all of the banking system's claims on non-financial and financial institutions and households in rubles, foreign currency and precious metals, including loans issued (including overdue loans), overdue interest on loans, credit institutions' investment in debt and equity securities and promissory notes, as well as other forms of equity interest in non-financial and financial institutions, and other accounts receivable from settlement operations involving non-financial and financial institutions and households.

Claims' growth rates are given with the exclusion of foreign currency revaluation. In order to exclude the effect of foreign currency revaluation the growth of claims in foreign currency and precious metals is converted to rubles using the period average USDRUB exchange rate. Mortgage loans net of claims acquired by banks.

Source: Bank of Russia.

Russia's balance of payments indicators in the baseline scenario³

(billions of US dollars, if not indicated otherwise)

| | 2022 (actual) | 2023 | 2024 | 2025 | 2026 |
|---|------------------|------------|-----------|-----------|-----------|
| Current account | 236 | 45 | 50 | 44 | 37 |
| Goods | 314 | 119 | 130 | 125 | 123 |
| Exports | 591 | 427 | 429 | 426 | 435 |
| Imports | 277 | 308 | 299 | 301 | 312 |
| Services | -23 | -33 | -31 | -31 | -33 |
| Exports | 49 | 43 | 45 | 46 | 48 |
| Imports | 71 | 76 | 76 | 78 | 80 |
| Primary and secondary income balance | -55 | -40 | -49 | -50 | -53 |
| Current and capital accounts balance | 231 | 45 | 50 | 44 | 37 |
| Financial account balance, excluding reserve assets | 238 | 51 | 35 | 38 | 39 |
| Net incurrence of liabilities | -131 | 11 | 23 | 20 | 20 |
| Net acquisition of financial assets, excluding reserve assets | 106 | 62 | 59 | 58 | 58 |
| Net errors and omissions | -1 | -4 | 0 | 0 | 0 |
| Change in reserve assets | -7 | -10 | 15 | 6 | -2 |
| Urals oil price, average for the year, US dollars per barrel | 76 | 60 | 60 | 55 | 55 |

³ Using the methodology of the 6th edition of "Balance of Payments and International Investment Position Manual" (BPM6). In the Financial account "+" stands for net lending, "-" – for net borrowing. Due to rounding total results may differ from the sum of respective values.

Source: Bank of Russia.